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WHERE ARE WE IN THIS BEEF CATTLE BUSINESS?

(Talk presented by J. W. Fanning, Chairman, Division of Agricultural Economics and Extension Economist, at a Short Course on Beef Cattle Production held by the Division of Animal Husbandry of the College of Agriculture on July 17 and 18, 1952.)

This subject suggests interest and concern in the position of the beef cattle enterprise. Such a question is understandable in view of the great growth in beef cattle numbers in recent years, especially here in Georgia and the Southeast.

The cash income from the sale of cattle and calves in Georgia in 1951 was about 6 percent of all cash farm receipts as compared with 2.3 percent in 1924. Certainly cattle and calf income has more than held its own relative to other sources of cash to farmers in this State during this 28-year period. All of us are concerned with future trends.

There are several developments that need careful thought in considering our position in the beef cattle business. Each of these is presented and discussed below:

1 - Prices

The average prices received for beef cattle in the United States in 1951 were the highest on record and almost one-fourth above the level of 1950.

Prices have a tremendous influence upon the adjustments which farmers as well as other business groups make. The trend in beef cattle prices in recent years has without a doubt brought about an increased interest in beef production. We now wonder what will happen to prices, especially whether they will go down and what effect will the changes, if any, have upon the beef cattle producer.

Prices must also be looked at relatively. And when this is done, it is found that the average prices received for beef cattle in recent years have been high relative to other farm products.

In 1951 the price of a choice steer at Chicago was 80 percent higher than the farm price of hogs. During the past 30 years the steer price has averaged only 30 percent more than the hog price.

In 1951 the price of a choice steer at Chicago was nearly seven times the average price of milk as delivered to dealers. During 30 years the steer price averaged only 4-1/2 times the price of milk.

Another relationship to consider is the selling price of beef as compared to the parity price of beef. For a good many years the selling prices of beef have been

running above parity, with the lower grades averaging higher in relation to parity than the better grade cattle. During these same years prices for other livestock and livestock products have not been averaging out nearly so favorable in relation to parity as has beef.

These figures lead to the conclusion that beef cattle prices have not only been high relative to past years, but they have been high in relation to other livestock and livestock product prices. Most estimates of cattle prices look for a reduction in prices in future years and a return to a more normal relationship between beef prices and those for other livestock and livestock products.

2 - Numbers and Production

The number of cattle and calves in Georgia increased 25 percent from 1949 to 1952. On January 1, 1952, the total number was 1,235,000 head and was the highest on record. The previous high was 1,181,000 head on January 1, 1945.

The 88-million head of all cattle and calves on United States farms on January 1, 1952, was a record high. The last high was in 1945 at 85,573,000 head. Numbers declined from 1945 to 1949 and then increased 15 percent to 1952. The 1951 increase was 6 million head, the largest annual increase on record.

From 1949 to 1952 the greatest increase in all cattle numbers has come first in the South Atlantic States with 22.1 percent, second in the South Central States with 18.1 percent, and third in the West North Central States with 16.1 percent.

The South Atlantic States have 7.5 percent of all cattle and calves in the United States. The South Central States have 25.4 percent. These two Southern areas have about 33 percent of all cattle and calf numbers. When combined with the West North Central, these three sections have 61 percent of all cattle and calves in this country.

These same three regions have 70 percent of all beef cows in the United States, with the South Atlantic States having 7.1 percent, the South Central 36.1 percent, and the West North Central 43.2 percent.

During this period of increase in all cattle and calves by 14.6 percent, and of beef cows by 29.5 percent, the number of milk cows actually decreased 1.9 percent. It's interesting to observe that the South Atlantic States was the only region to show a significant increase (2.9 percent) in milk cow numbers. All other regions except the West show decreases. The increase in the Western region was 0.5 percent.

Georgia has 1.4 percent of all cattle and calves in the United States, 1.3 percent of all beef cows 2 years and over, and produces 0.9 percent of all beef (liveweight).

Georgia's standing relative to other States in livestock numbers is of interest:

Cattle and calves (No.)	28th	Milk cows 2 years and older (No.)	24th
Beef cows and calves (No.)	28th	Sheep (No.)	40th
Beef cows 2 years and older (No.)	24th	Pigs saved (No.)	10th
Beef production (liveweight)	33rd		

The above figures show that the substantial increases in cattle and calf numbers since 1949 have been principally the beef type and mainly in the South and West North Central States.

Much of the increase in cattle numbers in the United States has come at a sacrifice to the production of beef and veal. In 1951 beef and veal production was the smallest since 1942 and was 18 percent less than the high of 12,027,000,000 pounds produced in 1947.

The trends show that cattle slaughter has not kept pace with cattle numbers. The result of this, of course, has been additions to inventory. This fact is reflected another way in that the average production of beef per head slaughtered was 517 pounds in 1951 against 479 pounds for a 10-year average. There was a smaller than usual percentage of cows and calves in the 1951 slaughter and a higher than usual percentage of steers. As slaughter increases, the relationships will return to normal and the production of beef per head slaughtered will decline.

It is reasonable to expect a continuation of the upward trend in cattle numbers. The limit of expansion is debatable. There are those who expect numbers on this cycle to go up to 100,000,000 head. Even at this figure the total roughage-consuming animal units in this country will barely exceed the previous record in 1943. But cattle and calf numbers in 1951 were 83 percent of such units against 69 percent in 1940, 63 percent in 1930, and 59 percent in 1909.

The opportunity for expansion of cattle numbers in Georgia is great, especially if the prices for cattle will remain at a level conducive to the investment of capital in land improvements, including clearance, grazing development, and fencing. A study on productive capacity conducted in Georgia during 1951 concluded that by 1955 this State could, with wise development and management of resources, increase its cattle and calf numbers by 21 percent. If this increase were attained, it would mean an increase in numbers of 46 percent from 1949 to 1955.

3 - Consumption of Beef

The per capita consumption of beef in 1951 in the United States was 62.7 pounds. The 12-year average 1940-51 per capita consumption of beef was 69.1 pounds. This low per capita consumption in 1951 came during a year when the slaughter of cattle was the lowest in 10 years and the slaughter of veal the lowest in 18 years.

For 1951 the per capita consumption of mutton was less than the 12-year average by 2 pounds; pork was greater by 0.8 pounds; chicken greater by 5 pounds; and turkey greater by 1.7 pounds.

For the 12-year period 1940-51, beef and veal constituted 39.4 percent of meat consumption per person, pork 40.5 percent, lamb and mutton 3.3 percent, chicken 14.3 percent, and turkey 2.5 percent.

The total consumption of all meats, including poultry, per person in 1951 was 171.7 pounds. A record per capita consumption of 183.6 pounds was reached in 1944.

If cattle numbers increase to 10,000,000 head by 1955, a per capita beef supply of 81 pounds is anticipated. Assuming all other meats at their maximum per capita consumption level for the 12-year period 1940-51, the total per capita consumption of meats in 1955 would be 202.8 pounds. This raises the question as to whether

this Nation will consume more than 200 pounds of meat per person. What kind of per capita income will it take to secure this rate of consumption at present livestock prices?

The people of this country have eaten as much as 10 pounds of beef more per person than they did in 1951. When they were doing this, cattle prices were 23 percent under those of 1951. What will they pay for 81 pounds of beef per person - 19 pounds more than they consumed in 1951. Evidently this question has no easy answer, but it is one with which every cattle producer should be concerned.

4 - Demand

The consumption of beef, as well as all other meats, is related closely to the income of people. It is interesting to note that the total value of all goods and services produced by this Nation is running at a record annual rate of 340 billion dollars. Employment is above 61 million persons. Consumer spending is at a rate of 210 billion dollars per year, which is 3 percent above last year.

National security spending was at an annual rate of 47.2 billion dollars for the first quarter of 1952, an increase of 3.1 billion dollars from the fourth quarter of 1951. Prospects are for a further rise.

Demand for meats is favorable and this is certainly on the good side of the cattle producer. But a fact not to be overlooked is that a sizable hunk of influence on present high demand is the national expenditures for security. An important question is how long will these expenditures extend. This question cannot be answered with any certainty but the cattle producer should recognize this factor in the demand for his product and realize that its withdrawal, even in small part, will undoubtedly affect his prices.

5 - Looking to the Future

In looking to the future there are four significant questions that need to be asked and carefully considered:

(a) On what price level are we building our cattle industry for permanent existence?

Every person who expands a line of production or enters it for the first time must decide on what price level he can continue in business at a profit. Beef cattle producers might well ask themselves if they can make money and stay in the business at prices under those of 1951. Also can they make money and stay in business at 1951 prices with a considerable increase in costs? There are those who doubt that prices will decline materially but seldom is the person found who does not believe that costs will continue to rise and become more difficult to handle.

We have apparently approached a point in cattle production where profits will come from efficiency in operations, and write-ups in inventory values may not be the income and profit factor as in past years.

(b) Are we thinking of cattle as a specialized farm enterprise or as a partner in a well-rounded system of farming?

The cattle population of Georgia is scattered out on 173,000 of the State's 198,000 farms. The Census of 1950 classifies only 8,151 farms as specialized livestock farms, other than dairy and poultry.

During periods of rising prices we hear a lot about specialization in one enterprise. We have done a lot of talking about beef cattle farms during this recent period of emphasis upon cattle production.

The fact that every farmer who has a cow is a potential cattle producer should not be forgotten. In other words, the place has been reached when we need to visualize the growth of the cattle industry in Georgia. Will it come on thousands of farms in improved cattle and better pastures or in large herds under specialized conditions? Indications are that it will continue to grow as a supplementary enterprise on thousands of farms with some development of large herds.

(c) What system of cattle production are we selecting?

The time has come when some decision must be reached on a definite system of cattle production. Will it be fat calves or stockers? Will it be calves dropped in November or March? Will it be creep-fed calves on lush pasture? Will it be cross-bred cattle or better?

Permanency of production comes with system in production. It's going to become more and more difficult to make money out of poor quality March calves on $50 per acre improved pasture.

The future calls for a decision on a definite program of cattle production and management. This enterprise must become a full and honorable partner in the farm organization, with a well laid out system of production and marketing.

(d) How efficient are we in cattle production?

A study of Beef Cattle Production in Georgia by the Georgia Experiment Station showed low production per brood cow and per pastured acre.

All farms surveyed produced an average of 394 pounds of beef per cow. The range in production was from 193 pounds to 618 pounds per cow. The average calf crop for the group of farms was 83 percent. These were farms producing beef cattle as their principal source of income.

This same study showed a beef production per pasture acre of 110 pounds. The range was from less than 100 pounds per pasture acre to over 200 pounds.

This study showed that efficiency of beef production as measured both on a brood cow and a per acre basis was low. It showed that conditions bringing about a high yield of beef and income per acre included:

1 - High calf crop percentage
2 - Birth control
3 - Good health
4 - Heavy calves
5 - High selling price
6 - High stocking rate
7 - High yield of pasturage and other feeds.

Efficiency is the basis by which this State will maintain a secure position in beef cattle production. Indications are that we now stand at that point in our cattle production program where efficient practices in both production and marketing must be the guiding rules.

Supplemental Notes To Accompany Talk On "Where Are We In This Beef Cattle Business"

In June of 1952 cattle prices were 10 percent under a year ago, lamb prices 20 percent down, and hog prices about the same.

The West has 13 percent of all cattle and calves and 25 percent of all beef cows.

From 1948 to 1951 the South Atlantic States added 223,000 beef cows, the South Central States added 1,000,000 beef cows, the West North Central States added 700,000. The Western region added only 343,000 head of beef cows during this period.

From 1900 to 1952 the total population of the United States has increased 107.5 percent. During this same period cattle numbers have increased only 47-1/2 percent. However, total meat production, not including chicken and turkey, has gone up 71 percent during the same period, with beef and veal increasing 64.3 percent, lamb and mutton 5.8 percent, and pork 81.5 percent.

During the past 52 years the largest number of cattle per person came in 1903 with .826 head. The lowest was in 1928 with .475 head per person. The 1952 figure was .562 head per person. In 1952 the number of cattle and calves per person in the United States was 29 percent under 1900. The numbers of sheep and lambs per person in 1952 were 68 percent under 1900.

The per capita consumption of beef was 80.7 pounds in 1909. This is the largest per capita consumption of beef on record. At that time, the per capita consumption of pork was 66 pounds and lamb and mutton 6.7 pounds.

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